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DECLASSIFIED BY: ~~XXXXXXXXXXXX~~ DATE: ~~XXXXXX~~

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October 4, 1990

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Secretary
Interstate Commerce Commission
12th and Constitution Avenue, Northwest
Washington, D. C. 20423

OCT 5 1964 - 10 50 AM

Dear Secretary:

Enclosed herewith is one original and one copy of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

These documents, as listed below, are primary documents dated September 26, 1990:

1. New York IDA Mortgage; *A*
2. New York Non-IDA Mortgage; *A*
3. New York Class 2 Mortgage (Otsego IDA); *B*
4. New York Class 2 Mortgage; - *C*
5. New Jersey Class 2 Mortgage; - *D*
6. New Jersey Property Mortgage; - *E*
7. Collateral Assignment of Leases and Rents (NY); - *F*
8. Collateral Assignment of leases and Rents (NJ-Delaware Otsego); *B*
9. Collateral Assignment of Leases and Rents (NJ-Corporate Guarantors); - *H*
10. Pledge and Security Agreement (Accounts); *J*
11. Pledge and Security Agreement (All); *J*
12. Assignment of Proceeds (Little Ferry); - *K*
13. Assignment of Proceeds, Agreements and Contracts; and *L*
14. Pledge and Assignment. *M*

... The names and addresses of the parties to the documents are as follows:

Delaware Otsego Corporation
Cooperstown and Charlotte Valley Railway Corporation
Central New York Railroad Corporation
Fonda, Johnstown and Gloversville Railroad Company

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OCT 5 1965 10: AM

ENGLISH

Secretary
Interstate Commerce Commission
October 4, 1990
Page 2

Lackawaxen and Stourbridge Railroad Corporation
Fonfulco, Inc.
Delaware Otsego Equipment Corporation
The New York, Susquehanna and Western Railroad Corporation
Susquehanna Properties, Inc.
Delta Warehousing Corporation
Staten Island Railway Corporation
Rahway Valley Railroad Company
Rahway Valley Company, Lessee
Susquehanna Bulk Systems, Inc.
1 Railroad Avenue
Cooperstown, New York 13326

Chemical Bank *Lessee*
90 Presidential Plaza
Syracuse, New York 13202

A description of the equipment covered by the documents is as follows:

All machinery, apparatus, equipment, fittings, inventory and fixtures now owned or hereafter acquired, including all locomotives, railcars, railroad rolling stock and maintenance-of-way equipment.

A fee of \$210.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Ronald A. Mittleman, Esq., Lacy Katzen, Ryen & Mittleman, The Granite Building, 130 East Main Street, 2nd Floor, Rochester, New York, 14604-1686.

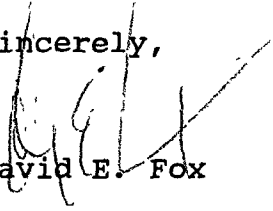
A short summary of the documents to appear in the index follows:

1. New York IDA Mortgage;
2. New York Non-IDA Mortgage;
3. New York Class 2 Mortgage (Otsego IDA);
4. New York Class 2 Mortgage;
5. New Jersey Class 2 Mortgage;
6. New Jersey Property Mortgage;
7. Collateral Assignment of Leases and Rents (NY);
8. Collateral Assignment of Leases and Rents (NJ-Delaware Otsego);
9. Collateral Assignment of Leases and Rents (NJ-Corporate Guarantors);

Secretary
Interstate Commerce Commission
October 4, 1990
Page 3

10. Pledge and Security Agreement (Accounts);
11. Pledge and Security Agreement (All);
12. Assignment of Proceeds (Little Ferry);
13. Assignment of Proceeds, Agreements and Contracts; and
14. Pledge and Assignment.

Sincerely,



David E. Fox

DEF:trc

Enclosure(s)

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2343X (Otsego IDA)

17053
RECORDATION NO. 17053
OCT 5 1989 10:50 PM
INTERSTATE COMMERCE COMMISSION

THE COOPERSTOWN AND CHARLOTTE VALLEY RAILWAY CORPORATION

AND

OTSEGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

TO

CHEMICAL BANK

MORTGAGE

Dated: As of September 27, 1990

RECORD AND RETURN TO:

Lacy, Katzen, Ryen & Mittleman
The Granite Building
130 East Main Street
Rochester, New York 14604
Attention: Ronald A. Mittleman, Esq.

MORTGAGE

THIS MORTGAGE made as of the 27th day of September, 1990, among COOPERSTOWN AND CHARLOTTE VALLEY RAILWAY CORPORATION, a New York corporation (the "Mortgagor") having a principal place of business at 1 Railroad Avenue, Cooperstown, New York 13326 and OTSEGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency") and CHEMICAL BANK, a New York banking corporation having an office at 90 Presidential Plaza, Syracuse, New York 13202, (the "Mortgagee"),

W I T N E S S E T H :

WHEREAS, the Agency is the owner of a certain fee estate in the premises described in Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Premises"); and

WHEREAS, the Agency has leased the Premises to the Mortgagor and therefore Mortgagor is the owner of a leasehold estate in the Premises described in Exhibit "A" attached hereto (hereinafter referred to as the "Leasehold") under and pursuant to the provisions of a certain lease agreement described in Exhibit "A-1" attached hereto and made a part hereof (hereinafter referred to as the "Ground Lease");

NOW, THEREFORE, to secure the payment of an indebtedness in the principal sum of Eleven Million Dollars (\$11,000,000), lawful money of the United States of America, to be paid with interest (said indebtedness, interest and all other sums which may or shall become due hereunder under the Notes (as hereinafter defined), this Mortgage and all other mortgages, security agreements, guaranties or other agreements entered into the date hereof (the "Other Agreements") being hereinafter collectively referred to as the "Debt") according to a certain 8-year term note in the principal amount of \$6,000,000 dated the date hereof (the "\$6,000,000 Term Note"), a certain 8-year term note in the principal amount of \$3,000,000 dated the date hereof (the "\$3,000,000 Term Note"), and a certain 3-year revolving note dated the date hereof (the "Revolving Credit Note") in the principal amount of \$2,000,000 convertible up to a 4-year term note in the principal amount of \$2,000,000 (the "Revolving Credit Term Note"), all dated the date hereof given by Mortgagor to Mortgagee (the \$6,000,000 Term Note, the \$3,000,000 Term Note, the Revolving Credit Note and the Revolving Credit Term Note hereinafter collectively referred to as the "Notes"), Mortgagor and the Agency have mortgaged, given, granted, bargained, sold, aliened, enfeoffed, conveyed, confirmed and assigned, and by these presents does mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign unto Mortgagee forever all right, title

and interest of Mortgagor and the Agency now owned, or hereafter acquired, in and to the following property, rights and interests (such property, rights and interests being hereinafter collectively referred to as the "Mortgaged Property"):

- (a) the Premises;
- (b) the Leasehold;
- (c) all buildings, structures and improvements now or hereafter located on the Premises or Leasehold (hereinafter referred to as the "Improvements");
 - (1) the Ground Lease and the leasehold estate created thereunder, by and between the Agency and the Mortgagor;
 - (2) all modifications, extensions and renewals of the Ground Lease and all credits, deposits, options, purchase options, privileges and rights of Mortgagor under the Ground Lease, including, but not limited to, the right, if any, to renew or extend the Ground Lease for a succeeding term or terms or to acquire fee title to or other interest in all or any portion of the Premises, the Leasehold or the Improvements;
- (d) all of the estate, right, title, interest, claim or demand of any nature whatsoever of Mortgagor either in law or in equity, in possession or expectancy, in and to the Mortgaged Property or any part thereof;
- (e) all easements, rights-of-way, licenses, gores of land, streets, roads, ways, alleys, parking areas, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Mortgaged Property now or hereafter appurtenant or transferred thereto (including, without limitation, any and all development rights, air rights or similar or comparable rights of any nature whatsoever now or hereafter appurtenant to the Premises or the Leasehold or now or hereafter transferred to the Premises or the Leasehold) and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises or the Leasehold to the center line thereof;
- (f) All machinery, apparatus, equipment, fittings, inventory, fixtures and other property of every kind and nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Mortgaged Property, or appurtenances thereto, or usable in connection with the present or

future operation and occupancy of the Mortgaged Property, including but not limited to all of the right, title and interest of the Mortgagor in and to all track, track material, ties, ballasts, machinery, apparatus, equipment, locomotives, rail cars, railroad rolling stock, and maintenance of way equipment, fittings, fixtures and articles of personal property installed in, attached to or useful in connection with the present or future use of the Mortgaged Property or the present or future operation or maintenance of the Improvements, whether now owned or hereafter acquired, all replacements thereof, substitutions therefor and additions thereto, together with the proceeds thereof, including but not limited to, all heating, lighting, laundry, incinerating and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, fire extinguishing, refrigerating, ventilating fans, air-cooling and air-conditioning apparatus, elevators, escalators, shades, awnings, screens, storm doors and windows, stoves, refrigerators, attached cabinets, partitions, ducts and compressors, all building equipment, materials and supplies of any nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Mortgaged Property (hereinafter collectively referred to as the "Equipment"), and the right, title and interest of Mortgagor in and to any of the Equipment which may be subject to any security agreements (as defined in the Uniform Commercial Code of New York), superior in lien to the lien of this Mortgage;

(g) all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Mortgaged Property, the Improvements, or any part thereof or any right of Mortgagor appurtenant thereto whether from the exercise of the right of eminent domain (including any transfer made in lieu of the exercise of said right), including, but not limited to, any awards or payments, including interest thereon, for use and occupation or for change of grade of street or for any other injury to or decrease in the value of the Mortgaged Property;

(h) all leases and other agreements affecting the use or occupancy of the Mortgaged Property now or hereafter entered into (hereinafter referred to as the Leases) including, without limitation, all rentals, and all other amounts payable thereunder, any amounts receivable in connection with any licenses, license rights, easements or other agreements, insurance proceeds (other than insurance proceeds payable under liability policies to or for the benefit of Mortgagor) and condemnation, requisition and other payments of any kind for or with respect to the Mortgaged Property, together with all rights, powers, privileges and options of the Mortgagor thereunder including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any rents, income, revenues,

issues and profits and other sums of money payable by the Mortgagor or receivable by Mortgagor under any Lease, whether payable as the purchase price or otherwise pursuant to any Lease and the proceeds thereof, together with the right to bring all actions and proceedings under any Lease or for the enforcement thereof, and to do any and all things which Mortgagor is or may become entitled to do under any Lease including, without limitation, the right to receive and apply the rents, issues and profits of the Mortgaged Property (hereinafter referred to as the "Rents") to the payment of the Debt;

(i) all proceeds of and any unearned premiums on any insurance policies together with any and all claims of the Mortgagor or the Agency with respect thereto covering the Mortgaged Property, the Improvements or any part thereof, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property;

(j) the right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property;

(k) all oil, gas, water and minerals including but not limited to cement rock, clay, coal, curbing, dimension stone, dolostone, emery, flagstone, garnet, gem stones, granite, gravel, gypsum, iron, lead, limestone, marble, marl, metallic ore, paying blocks, peat, riprap, roadstone, salt, sand, sandstone, shale, silver, slate, stone, talc, titanium, trap rock, wollastonite, zine or any other inorganic substance, solid materials, liquid materials, or substance of commercial value found in natural deposits in or on the earth.

TO HAVE AND TO HOLD the above granted and described Mortgaged Property unto and to the proper use and benefit of Mortgagee, and the successors and assigns of Mortgagee, forever;

AND Mortgagor and the Agency, as applicable, covenant and agree with and represent and warrant to Mortgagee as follows:

1. Payment of Debt. Mortgagor will pay the Debt at the time and in the manner provided for its payment in the Notes, the Loan Agreement, this Mortgage and the Other Agreements.

2. Warranty of Title. Subject only to those exceptions to title specifically set forth in the title policy issued or to be issued by American Title Insurance Company to Mortgagee and insuring the lien of this Mortgage, Mortgagor warrants the title to the

Premises, the Leasehold, the Improvements, the Ground Lease, and the balance of the Mortgaged Property. In addition, Mortgagor and the Agency represent and warrant that (i) the Ground Lease is in full force and effect and has not been modified in any manner whatsoever, (ii) there are no defaults under the Ground Lease and no event has occurred, which but for the passage of time, or notice, or both, would constitute a default under the Ground Lease, (iii) all rents, additional rents and other sums due and payable under the Ground Lease have been paid in full, and (iv) no action has commenced and no notice has been given or received for the purpose of terminating the Ground Lease. Mortgagor also represents and warrants that (i) Mortgagor is now, and after giving effect to this Mortgage will be in, a solvent condition, (ii) the execution and delivery of this Mortgage by Mortgagor does not constitute a "fraudulent conveyance" within the meaning of Title 11 of the United States Code as now constituted or under any other applicable statute, and (iii) no bankruptcy or insolvency proceedings are pending or contemplated by or against Mortgagor.

3. Insurance. Mortgagor (i) will keep the Mortgaged Property and Improvements insured against loss or damage by fire, standard extended coverage perils and such other hazards as Mortgagee shall from time to time require in amounts approved by Mortgagee, which amounts shall in no event be less than 100% of the full insurable value of the Improvements and shall be sufficient to meet all applicable co-insurance requirements, and (ii) will maintain rental and business interruption insurance and such other forms of insurance coverage with respect to the Mortgaged Property as Mortgagee shall from time to time require in amounts approved by Mortgagee. All policies of insurance (hereinafter referred to as the "Policies") shall be issued by insurers having a minimum policy holders rating of "A" per the latest rating publication of Property and Casualty Insurers by A.M. Best Company and who are lawfully doing business in New York and are otherwise acceptable in all respects to Mortgagee. All Policies shall contain the standard New York mortgagee non-contribution clause endorsement or an equivalent endorsement satisfactory to Mortgagee naming Mortgagee as the person to which all payments made by the insurer thereunder shall be paid and shall otherwise be in form and substance satisfactory in all respects to Mortgagee. Blanket insurance policies shall not be acceptable for the purposes of this paragraph unless otherwise approved to the contrary by Mortgagee. The Mortgagor shall pay the premiums for the Policies as the same become due and payable. At the request of Mortgagee, the Mortgagor shall deliver the Policies to Mortgagee. Not later than ten (10) days prior to the expiration date of each of the Policies, the Mortgagor shall deliver to Mortgagee a renewal policy or policies marked "premium paid" or accompanied by other evidence of payment of premium satisfactory to Mortgagee. If at any time Mortgagee is not in receipt of written

evidence that all insurance required hereunder is in force and effect, Mortgagee shall have the right without notice to the Mortgagor to take such action as Mortgagee deems necessary to protect its interest in the Mortgaged Property, including, without limitation, the obtaining of such insurance coverage as Mortgagee in its sole discretion deems appropriate, and all expenses incurred by Mortgagee in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by the Mortgagor to Mortgagee upon demand. The Mortgagor shall at all times comply with and shall cause the Improvements and the use, occupancy, operation, maintenance, alteration, repair and restoration thereof to comply with the terms, conditions, stipulations and requirements of the Policies. If the Premises, the Leasehold, or any portion thereof, is located in a Federally designated "special flood hazard area", in addition to the other Policies required under this paragraph, a flood insurance policy shall be delivered by the Mortgagor to Mortgagee. If no portion of the Premises is located in a Federally designated "special flood hazard area" such fact shall be substantiated by a certificate in form satisfactory to Mortgagee from a licensed surveyor, appraiser or professional engineer or other qualified person. If the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other property hazard or casualty, the Mortgagor shall give prompt notice thereof to Mortgagee. Sums paid to Mortgagee by any insurer may be retained and applied by Mortgagee toward payment of the Debt whether or not then due and payable in such order, priority and proportions as Mortgagee in its discretion shall deem proper or, at the discretion of Mortgagee, the same may be paid, either in whole or in part, to Mortgagor for such purposes as Mortgagee shall designate. If Mortgagee shall receive and retain such insurance proceeds, the lien of this Mortgage shall be reduced only by the amount thereof received and retained by Mortgagee and actually applied by Mortgagee in reduction of the Debt. The provisions of subsection 4 of Section 254 of the Real Property Law of New York covering the insurance of buildings against loss by fire shall not apply to this Mortgage.

4. Payment of Taxes, etc. The Mortgagor shall pay all taxes, assessments, water rates, sewer rents and other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises, or the Leasehold, now or hereafter levied or assessed against the Mortgaged Property (hereinafter referred to as the "Taxes") prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof. The Mortgagor shall deliver to Mortgagee, upon request, receipted bills, cancelled checks and other evidence satisfactory to Mortgagee evidencing the payment of the Taxes prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the

nonpayment thereof. Notwithstanding the foregoing, the Mortgagor may in good faith actively contest any such Taxes and permit the Taxes so contested to remain unpaid, provided that (a) Mortgagor shall have first notified the Mortgagee of such contest, (b) no Event of Default shall have occurred hereunder; (c) the Mortgagor shall have created adequate reserves in accordance with generally accepted accounting principals; and (d) Mortgagor demonstrates to the satisfaction of Mortgagee that the nonpayment of such Taxes and the contest thereof will not materially endanger the lien of the Mortgage or subject the Mortgaged Property or any part thereof to loss or forfeiture.

5. Escrow Fund. Mortgagor shall at the option of Mortgagee, pay to Mortgagee on the first day of each calendar month one-twelfth of an amount (hereinafter referred to as the Escrow Fund) which would be sufficient to pay the Taxes payable, or estimated by Mortgagee to be payable, during the ensuing twelve (12) months. Mortgagee will apply the Escrow Fund to the payment of Taxes which are required to be paid by the Mortgagor pursuant to the provisions of this Mortgage. If the amount of the Escrow Fund shall exceed the amount of the Taxes payable by the Mortgagor pursuant to the provisions of this Mortgage, Mortgagee shall, in its discretion, (a) return any excess to the the Mortgagor, whichever paid the same, or (b) credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, Mortgagee may deal with the person shown on the records of Mortgagee to be the owner of the Mortgaged Property. If the Escrow Fund is not sufficient to pay the Taxes, as the same become payable, the Mortgagor shall pay to Mortgagee, upon request, an amount which Mortgagee shall estimate as sufficient to make up the deficiency. Until expended or applied as above provided, any amounts in the Escrow Fund may be commingled with the general funds of Mortgagee and shall constitute additional security for the Debt and shall not bear interest.

6. Condemnation. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise, Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in the Notes and this Mortgage and the Debt shall not be reduced until any award or payment therefor shall have been actually received and applied by Mortgagee to the discharge of the Debt. Mortgagee may apply the entire amount of any such award or payment to the discharge of the Debt whether or not then due and payable in such order, priority and proportions as Mortgagee in its discretion shall deem proper. If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of such award or payment, Mortgagee shall have the right, whether or not a deficiency judgment on the Notes shall have been sought, recovered or denied, to receive such award or payment, or a portion thereof sufficient to pay the Debt, whichever

is less. Mortgagor shall file and prosecute their claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to Mortgagee. The Agency and Mortgagor hereby irrevocably authorize and empower Mortgagee, in the name of the Agency or Mortgagor or otherwise, to collect and receipt for any such award or payment and to file and prosecute such claim or claims. Although it is hereby expressly agreed that the same shall not be necessary in any event, the Agency and Mortgagor shall, upon demand of Mortgagee, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning any such award or payment to Mortgagee, free and clear of any encumbrances of any kind or nature whatsoever.

7. Leases and Rents. Subject to the terms of this paragraph, Mortgagee waives the right to enter the Mortgaged Property for the purpose of collecting the Rents, and grants the Mortgagor the right to collect the Rents. Mortgagee shall hold the Rents, or an amount sufficient to discharge all current sums due on the Debt, for use in payment of the Debt. The right of the Mortgagor to collect the Rents may be revoked by Mortgagee upon any default by the Mortgagor under the terms of the Notes or this Mortgage by giving notice of such revocation to the Mortgagor. Following such notice Mortgagee may retain and apply the Rents toward payment of the Debt in such order, priority and proportions as Mortgagee, in its discretion, shall deem proper, or to the operation, maintenance and repair of the Mortgaged Property, and irrespective of whether Mortgagee shall have commenced a foreclosure of this Mortgage or shall have applied or arranged for the appointment of a receiver. The Agency and Mortgagor shall not, without the consent of Mortgagee, modify, amend, or cancel any Leases or accept prepayments of installments of the Rents for a period of more than one (1) month in advance or further assign the whole or any part of the Rents for any Leases which the Mortgagor receives payments in excess of One Hundred Thousand Dollars (\$100,000) per year except that with respect to the Leases that are set forth in Schedule A attached the Mortgagor may accept prepayment but only to the extent set forth on Schedule A. Mortgagee shall have all of the rights against tenants of the Mortgaged Property as set forth in Section 291-f of the Real Property Law of New York. The Mortgagor shall (a) fulfill or perform each and every provision of the Leases on the part of the Mortgagor to be fulfilled or performed, (b) promptly send copies of all notices of default which the Mortgagor shall send or receive under the Leases to Mortgagee, and (c) enforce, short of termination of the Leases, the performance or observance of the provisions thereof by the tenants thereunder. The Mortgagor shall from time to time, but not less frequently than once every ninety (90) days, provide to Mortgagee a complete and detailed leasing status report with respect to the Improvements, which leasing status report shall be in form and substance satisfactory in all respects to Mortgagee.

In addition to the rights which Mortgagee may have herein, in the event of any default under this Mortgage, Mortgagee, at its option, may require the Mortgagor to pay monthly in advance to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of the Mortgagor. Upon default in any such payment, the Mortgagor will vacate and surrender possession of the Mortgaged Property to Mortgagee, or to such receiver and, in default thereof, the Mortgagor may be evicted by summary proceedings or otherwise. Nothing contained in this paragraph shall be construed as imposing on Mortgagee any of the obligations of the lessor or the lessees under the Leases.

8. Maintenance of the Mortgaged Property. The Mortgagor shall cause the Mortgaged Property to be maintained in good condition and repair and will not commit or suffer to be committed any waste of the Mortgaged Property nor shall the Mortgagor abandon the Mortgaged Property without the Mortgagee's prior written consent which shall not be unreasonably withheld. The Improvements shall not be removed, demolished or materially altered, without the consent of Mortgagee, except normal replacements of Improvements in the ordinary course of business shall be permitted. The Mortgagor shall promptly comply with all existing and future governmental laws, orders, ordinances, rules and regulations affecting the Mortgaged Property, or any portion thereof or the use thereof. The Mortgagor shall or shall cause all tenants, subtenants and occupants of the Mortgaged Property to promptly repair, replace or rebuild any part of the Mortgaged Property which may be damaged or destroyed by fire or other property hazard or casualty (including any fire or other property hazard or casualty for which insurance was not obtained or obtainable) or which may be affected by any taking by any public or quasi-public authority through eminent domain or otherwise, and shall complete and pay for, within a reasonable time, any structure at any time in the process of construction or repair on the Premises or the Leasehold. If such fire or other property hazard or casualty shall be covered by the Policies, the Mortgagor's obligation to repair, replace or rebuild such portion of the Mortgaged Property shall be contingent upon Mortgagee paying the Mortgagor the proceeds of the Policies, or such portion thereof as shall be sufficient to complete such repair, replacement or rebuilding, whichever is less. The Agency and Mortgagor will not, without obtaining the prior consent of Mortgagee, initiate, join in or consent to any private restrictive covenant, zoning ordinance, or other public or private restrictions, limiting or affecting the uses which may be made of the Mortgaged Property or any part thereof.

9. Environmental Provisions. For the purposes of this paragraph the following terms shall have the following meanings: (i) the term "Hazardous Material" shall mean any material or

substance that, whether by its nature or use, is subject to regulation under any Environmental Requirement, (ii) the term "Environmental Requirements" shall collectively mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), all as presently in effect and as the same may hereafter be amended, any regulation pursuant thereto, or any other present or future law, ordinance, rule, regulation, order or directive addressing environmental, health or safety issues of or by any Governmental Authority, (iii) the term "Governmental Authority" shall mean the Federal government, or any state or other political subdivision thereof, or any agency, court or body of the Federal government, any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions, and (iv) the term "diligent inquiry" shall mean a level of inquiry at least equal to any environmental site assessment of the Mortgaged Property conducted in accordance with Mortgagee's environmental policies and procedures. Mortgagor hereby represents and warrants to Mortgagee solely as to Class 2 Property that to the best of Mortgagor's knowledge after diligent inquiry (i) no Hazardous Material is currently located at, on, in, under or about the Mortgaged Property, (ii) no Hazardous Material has been or is currently located at, in, on, under or about the Mortgaged Property in a manner which violates any Environmental Requirement, or which requires cleanup or corrective action of any kind under any Environmental Requirement, (iii) no releasing, emitting, discharging, leaching, dumping or disposing of any Hazardous Material from the Mortgaged Property onto or into any other property or from any other property onto or into the Mortgaged Property has occurred or is occurring in violation of any Environmental Requirement, and (iv) no notice of violation, lien, complaint, suit, order or other notice with respect to the environmental condition of the Mortgaged Property is outstanding, nor has any such notice been issued which has not been fully satisfied and complied with in a timely fashion so as to bring the Mortgaged Property into full compliance with all Environmental Requirements. Mortgagor shall comply, and shall cause all tenants or other occupants of the Mortgaged Property to comply, in all respects with all Environmental Requirements, and will not generate, store, handle, process, dispose of or otherwise use, and will not permit any tenant or other occupant of the Mortgaged Property to generate, store, handle, process, dispose of or otherwise use, Hazardous Materials at, in, on, under or about the Mortgaged Property in a manner that could lead or potentially lead to the imposition on Mortgagor, Mortgagee or the Mortgaged Property of any liability or lien of any nature

whatsoever under any Environmental Requirement. Mortgagor shall notify Mortgagee promptly in the event of any spill or other release of any Hazardous Material at, in, on, under or about the Mortgaged Property which is required to be reported to a Governmental Authority under any Environmental Requirement, will promptly forward to Mortgagee copies of any notices received by Mortgagor relating to alleged violations of any Environmental Requirement and will promptly pay when due any fine or assessment against Mortgagee, Mortgagor or the Mortgaged Property relating to any Environmental Requirement. If at any time it is determined that the operation or use of the Mortgaged Property violates any applicable Environmental Requirement or that there are Hazardous Materials located at, in, on, under or about the Mortgaged Property which, under any Environmental Requirement, require special handling in collection, storage, treatment or disposal, or any other form of cleanup or corrective action, Mortgagor shall, within thirty (30) days after receipt of notice thereof from any Governmental Authority or from Mortgagee, take, at its sole cost and expense, such actions as may be necessary to fully comply in all respects with all Environmental Requirements, provided, however, that if such compliance cannot reasonably be completed within such thirty (30) day period, Mortgagor shall commence such necessary action within such thirty (30) day period and shall thereafter diligently and expeditiously proceed to fully comply in all respects and in a timely fashion with all Environmental Requirements. If Mortgagor fails to timely take, or to diligently and expeditiously proceed to complete in a timely fashion, any such action, Mortgagee may, in its sole and absolute discretion, make advances or payments towards the performance or satisfaction of the same, but shall in no event be under any obligation to do so. All sums so advanced or paid by Mortgagee (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, and fines or other penalty payments) and all sums advanced or paid in connection with any judicial or administrative investigation or proceeding relating thereto, will immediately, upon demand, become due and payable from Mortgagor and shall bear interest at the Default Rate (as hereinafter defined) from the date any such sums are so advanced or paid by Mortgagee until the date any such sums are repaid by Mortgagor to Mortgagee. Mortgagor will execute and deliver, promptly upon request, such instruments as Mortgagee may deem useful or necessary to permit Mortgagee to take any such action, and such additional notes and mortgages, as Mortgagee may require to secure all sums so advanced or paid by Mortgagee. If a lien is filed against the Mortgaged Property by any Governmental Authority resulting from the need to expend or the actual expending of monies arising from an action or omission, whether intentional or unintentional, of Mortgagor or for which Mortgagor is responsible, resulting in the releasing, spilling, leaking, leaching, pumping, emitting, pouring, emptying or dumping of any Hazardous Material

into the waters or onto land located within or without the State where the Mortgaged Property is located, then Mortgagor will, within thirty (30) days from the date that Mortgagor is first given notice that such lien has been placed against the Mortgaged Property (or within such shorter period of time as may be specified by Mortgagee if such Governmental Authority has commenced steps to cause the Mortgaged Property to be sold pursuant to such lien) either (a) pay the claim and remove the lien, or (b) furnish a cash deposit, bond, or such other security with respect thereto as is satisfactory in all respects to Mortgagee and is sufficient to effect a complete discharge of such lien on the Mortgaged Property. Mortgagee may, at its option, at intervals of not less than one year, or more frequently if Mortgagee reasonably believes that a Hazardous Material or other environmental condition violates or threatens to violate any Environmental Requirement, cause an environmental audit of the Mortgaged Property or portions thereof to be conducted to confirm Mortgagor's compliance with the provisions of this paragraph, and Mortgagor shall cooperate in all reasonable ways with Mortgagee in connection with any such audit and shall pay all costs and expenses incurred in connection therewith. Mortgagor will defend, indemnify, and hold harmless Mortgagee, its employees, agents, officers, and directors, from and against any and all claims, demands, penalties, causes of action, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, foreseen or unforeseen, contingent or otherwise (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, court costs, and litigation expenses) arising out of, or in any way related to, (i) any breach by Mortgagor of any of the provisions of this paragraph, (ii) the presence, disposal, spillage, discharge, emission, leakage, release, or threatened release of any Hazardous Material which is at, in, on, under, about, from or affecting the Mortgaged Property, including, without limitation, any damage or injury resulting from any such Hazardous Material to or affecting the Mortgaged Property or the soil, water, air, vegetation, buildings, personal property, persons or animals located on the Mortgaged Property or on any other property or otherwise, (iii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to any such Hazardous Material, (iv) any lawsuit brought or threatened, settlement reached, or order or directive of or by any Governmental Authority relating to such Hazardous Material, or (v) any violation of any Environmental Requirement or any policy or requirement of Mortgagee hereunder. This indemnification shall, notwithstanding any exculpatory or other provision of any nature whatsoever to the contrary set forth in the Notes, this Mortgage, the Other Agreements or any other document or instrument now or hereafter executed and delivered in connection with the loan evidenced by the Notes and secured by this Mortgage and the Other Agreements, constitute the

personal recourse undertakings, obligations and liabilities of Mortgagor. If this Mortgage is foreclosed or Mortgagor tenders a deed or assignment in lieu of foreclosure, Mortgagor shall deliver the Mortgaged Property to the purchaser at foreclosure or to Mortgagee, its nominee, or wholly owned subsidiary, as the case may be, in a condition that complies in all respects with all Environmental Requirements. The obligations and liabilities of Mortgagor under this paragraph shall survive and continue in full force and effect and shall not be terminated, discharged or released, in whole or in part, irrespective of whether the Debt has been paid in full and irrespective of any foreclosure of this Mortgage or acceptance by Mortgagee, its nominee or wholly owned subsidiary of a deed or assignment in lieu of foreclosure and irrespective of any other fact or circumstance of any nature whatsoever.

10. Estoppel Certificates. Mortgagor, within ten (10) days after request by Mortgagee and at Mortgagor's expense, will furnish Mortgagee with a statement, duly acknowledged and certified, setting forth the amount of the Debt and the offsets or defenses thereto, if any.

11. Transfer or Encumbrance of the Mortgaged Property. No part of the Mortgaged Property nor any interest of any nature whatsoever therein nor any interest of any nature whatsoever in the Agency or Mortgagor (whether partnership, stock, equity, beneficial, profit, loss or otherwise) shall in any manner be further encumbered, sold, transferred, assigned or conveyed, or permitted to be further encumbered, sold, transferred, assigned or conveyed without the prior consent of Mortgagee, which consent in any and all circumstances may be withheld in the sole and absolute discretion of Mortgagee except as otherwise provided in Section 9.21 of the Loan Agreement. The provisions of the foregoing sentence of this paragraph shall apply to each and every such further encumbrance, sale, transfer, assignment or conveyance, regardless of whether or not Mortgagee has consented to, or waived by its action or inaction its rights hereunder with respect to, any such previous further encumbrance, sale, transfer, assignment or conveyance, and irrespective of whether such further encumbrance, sale, transfer, assignment or conveyance is voluntary, by reason of operation of law or is otherwise made except as otherwise provided in Section 9.21 of the Loan Agreement.

12. Notice. Any notice, request, demand, statement, authorization, approval or consent made hereunder shall be in writing and shall be hand delivered or sent by Federal Express, or other reputable courier service, or by postage pre-paid registered or certified mail, return receipt requested, and shall be deemed given (i) when received at the following addresses if hand delivered

2343X (Otsego IDA)

or sent by Federal Express, or other reputable courier service, and (ii) three (3) business days after being postmarked and addressed as follows if sent by registered or certified mail, return receipt requested:

If to Mortgagor:

Cooperstown and Charlotte
Valley Railway Corporation
1 Railroad Avenue
Cooperstown, New York 13326
Attention: Senior Vice President

With a copy to:

Rubin, Quinn, Moss & Heaney
1800 Penn Mutual Tower
510 Walnut Street
Philadelphia, Pennsylvania 19106
Attention: _____

If to the Agency:

Otsego County Industrial Development Agency

Attention: _____

If to Mortgagee:

Chemical Bank
90 Presidential Plaza
Syracuse, New York 13202
Attention: Account Officer for Delaware-Otsego
Corporation

With a copy to:

Lacy, Katzen, Ryen & Mittleman
The Granite Building
130 East Main Street
Rochester, New York 14604
Attention: Ronald A. Mittleman, Esq.

Each party may designate a change of address by notice to the other party, given at least fifteen (15) days before such change of address is to become effective. The failure to provide a copy shall not alter the effectiveness of the notice.

13. Sale of Mortgaged Property. If this Mortgage is foreclosed, the Mortgaged Property, or any interest therein, may, at the discretion of Mortgagee, be sold in one or more parcels or in several interests or portions and in any order or manner.

14. Changes in Laws Regarding Taxation. In the event of the passage after the date of this Mortgage of any law of the State of New York deducting from the value of real property for the purpose of taxation any lien or encumbrance thereon or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes or the manner of the collection of any such taxes, and imposing a tax, either directly or indirectly, on this Mortgage, the Notes or the Debt, the Mortgagor shall, if permitted by law, pay any tax imposed as a result of any such law within the statutory period or within fifteen (15) days after demand by Mortgagee, whichever is less, provided, however, that if, in the opinion of the attorneys for Mortgagee, the Mortgagor is not permitted by law to pay such taxes, Mortgagee shall have the right, at its option, to declare the Debt due and payable on a date specified in a prior notice to the Agency and Mortgagor of not less than thirty (30) days.

15. No Credits on Account of the Debt. The Agency and/or Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes assessed against the Mortgaged Property or any part thereof and no deduction shall otherwise be made or claimed from the taxable value of the Mortgaged Property, or any part thereof, by reason of this Mortgage or the Debt.

16. Offsets, Counterclaims and Defenses. Any assignee of this Mortgage and the Notes shall take the same free and clear of all offsets, counterclaims or defenses of any nature whatsoever which the Mortgagor may have against any assignor of this Mortgage and the Notes, and no such offset, counterclaim or defense shall be interposed or asserted by Mortgagor in any action or proceeding brought by any such assignee upon this Mortgage or the Notes and any such right to interpose or assert any such offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Mortgagor.

17. Other Security for the Debt. The Mortgagor shall observe and perform all of the terms, covenants and provisions contained in the Notes, the Loan Agreement, the Other Agreements, and in all

other mortgages and other instruments or documents evidencing, securing or guaranteeing payment of the Debt, in whole or in part, or otherwise executed and delivered in connection with the Notes, this Mortgage, the Loan Agreement, the Other Agreements, or the loan evidenced and secured thereby.

18. Documentary Stamps. If at any time the United States of America, any state thereof, or any governmental subdivision of any such state, shall require revenue or other stamps to be affixed to the Notes or this Mortgage, the Mortgagor shall pay for the same, with interest and penalties thereon, if any.

19. Right of Entry. Mortgagee and its agents shall have the right to enter and inspect the Mortgaged Property at all reasonable times.

20. Books and Records. The Mortgagor will keep and maintain or will cause to be kept and maintained on a fiscal year basis in accordance with generally accepted accounting practices consistently applied proper and accurate books, records and accounts in accordance with Sections 8.07 and 8.13 of the Loan Agreement. In addition, Mortgagor shall keep and maintain separate books and records for the Class 2 Property (as defined in the Loan Agreement).

20A. The Ground Lease. Mortgagor shall (iii) pay all rents, additional rents and other sums required to be paid by Mortgagor as ground lessee under and pursuant to the provisions of the Ground Lease, (iv) diligently perform and observe all of the terms, covenants and conditions of the Ground Lease on the part of Mortgagor, as ground lessee thereunder, to be performed and observed, unless such performance or observance shall be waived or not required in writing by the ground lessor under the Ground Lease, to the end that all things shall be done which are necessary to keep unimpaired the rights of Mortgagor, as ground lessee, under the Ground Lease, and (v) promptly notify Mortgagee of the giving of any notice by the ground lessor under the Ground Lease to Mortgagor of any default by Mortgagor in the performance and observance of any of the terms, covenants or conditions of the Ground Lease on the part of the Mortgagor, as ground lessee thereunder, to be performed or observed and deliver to Mortgagee a true copy of each such notice. Mortgagor shall not, without the prior consent of Mortgagee, surrender the leasehold estate created by the Ground Lease or terminate or cancel the Ground Lease or modify, change, supplement, alter or amend the Ground Lease, in any respect, either orally or in writing, and Mortgagor hereby assigns to Mortgagee, as further security for the payment of the Debt and for the performance and observance of the terms, covenants and conditions of this Mortgage, all of the rights, privileges and prerogatives of Mortgagor, as ground lessee under the Ground Lease, to surrender the leasehold

estate created by the Ground Lease or to terminate, cancel, modify, change, supplement, alter or amend the Ground Lease, and any such surrender of the leasehold estate created by the Ground Lease or termination, cancellation, modification, change, supplement, alteration or amendment of the Ground Lease without the prior consent of Mortgagee shall be void and of no force and effect. If Mortgagor shall default in the performance or observance of any term, covenant or condition of the Ground Lease on the part of Mortgagor, as ground lessee thereunder, to be performed or observed, then, without limiting the generality of the other provisions of this Mortgage, and without waiving or releasing Mortgagor from any of its obligations hereunder, Mortgagee shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all of the terms, covenants and conditions of the Ground Lease on the part of Mortgagor, as ground lessee thereunder, to be performed or observed to be promptly performed or observed on behalf of Mortgagor, to the end that the rights of Mortgagor in, to and under the Ground Lease shall be kept unimpaired and free from default. If Mortgagee shall make any payment or perform any act or take action in accordance with the preceding sentence, Mortgagee will notify Mortgagor of the making of any such payment, the performance of any such act, or the taking of any such action. In any such event, subject to the rights of lessees and other occupants under the Leases, Mortgagee and any person designated by Mortgagee shall have, and are hereby granted, the right to enter upon the Mortgaged Property at any time and from time to time for the purpose of taking any such action. If the ground lessor under the Ground Lease shall deliver to Mortgagee a copy of any notice of default sent by said ground lessor to Mortgagor, as ground lessee under the Ground Lease, such notice shall constitute full protection to Mortgagee for any action taken or omitted to be taken by Mortgagee, in good faith, in reliance thereon. Mortgagor shall, from time to time, obtain from the ground lessor under the Ground Lease such certificates of estoppel with respect to compliance by Mortgagor with the terms of the Ground Lease as may be requested by Mortgagee. Mortgagor shall exercise each individual option, if any, to extend or renew the term of the Ground Lease upon demand by Mortgagee made at any time within one (1) year of the last day upon which any such option may be exercised, and Mortgagor hereby expressly authorizes and appoints Mortgagee its attorney-in-fact to exercise, either jointly or individually, any such option in the name of and upon behalf of Mortgagor, which power of attorney shall be irrevocable and shall be deemed to be coupled with an interest.

21. Performance of Other Agreements. The Agency and Mortgagor shall observe and perform each and every material term to be observed or performed by the Agency or the Mortgagor, respectively,

pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

22. Events of Defaults. The Mortgagee may, by written notice to Mortgagor, terminate the Commitment (as defined in the Loan Agreement), and declare the Notes and the Debt together with any accrued interest and applicable payment fees or Indemnification Fees to be forthwith due and payable upon the occurrence of any one or more of the following events (herein collectively referred to as "Events of Default") and shall become automatically due and payable, without notice or demand, upon the occurrence of any event set forth in subparagraph (i), (j) or (k) below:

(a) if any portion of the Debt is not paid in accordance with the Loan Agreement and the Notes;

(b) if the Mortgagor shall fail to pay within twenty (20) days of notice and demand by Mortgagee, any installment of any assessment against the Mortgaged Property for local improvements heretofore or hereafter laid, which assessment is or may become payable in annual or periodic installments and is or may become a lien on the Mortgaged Property, notwithstanding the fact that such installment may not be due and payable at the time of such notice and demand;

(c) if any Federal tax lien is filed against Mortgagor, any guarantor of the Debt or the Mortgaged Property and the same is not discharged of record within thirty (30) days after the same is filed;

(d) except as may be permitted herein, if without the consent of Mortgagee (which consent in any and all circumstances may be withheld in the sole and absolute discretion of Mortgagee) any part of the Mortgaged Property or any interest of any nature whatsoever therein or any interest of any nature whatsoever in the Mortgagor (whether partnership, stock, equity, beneficial, profit, loss or otherwise) is in any manner further encumbered, sold, transferred, assigned or conveyed, and irrespective of whether any such further encumbrance, sale, transfer, assignment or conveyance is voluntary, by reason of operation of law or is otherwise made;

(e) except as may be permitted herein, if without the consent of Mortgagee any Improvement is removed, demolished or materially altered, or if the Mortgaged Property is not kept in good condition and repair;

(f) if the Policies are not kept in full force and effect, or if the Policies are not delivered to Mortgagee upon request;

(g) except as set forth herein, if without the consent of Mortgagee any Leases are made, cancelled or modified or if any portion of the Rents is paid for a period of more than one (1) month in advance or if any of the Rents are further assigned;

(h) if any representation or warranty of the Agency and/or Mortgagor, or of any person (herein referred to as a Guarantor) guaranteeing payment of the Debt or any portion thereof or performance by the Mortgagor of any of the terms of this Mortgage made herein or in any such guaranty, or in any certificate, report, financial statement or other instrument furnished in connection with the making of the Notes, this Mortgage, or any such guaranty, shall prove false or misleading in any material respect;

(i) the Mortgagor shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of the Mortgagor of any of their respective properties or assets, (ii) admit in writing the inability to pay their debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation by law or statute, or an answer admitting the material allegations of a petition filed against the Mortgagor in any proceeding under any such law or the filing of an involuntary bankruptcy against the Mortgagor if not removed within sixty (60) days or if corporate action shall be taken by the Mortgagor for the purpose of effecting any of the foregoing;

(j) an order, judgment or decree shall be entered, without the application, approval or consent of the Mortgagor, by any court of competent jurisdiction, approving a petition seeking reorganization of the Mortgagor, or of all or a substantial part of the respective properties or assets of the Mortgagor or appointing a receiver, trustee or liquidator of the Mortgagor and such order, judgment or decree shall continue unstayed and in effect for a period of thirty (30) days;

(k) final judgment for the payment of money in excess of an aggregate of Fifty Thousand Dollars (\$50,000) shall be rendered against the Mortgagor and the same shall remain undischarged for a period of sixty (60) days, unless the same is subject to an appeal and a bond is posted to stay execution;

(l) if Mortgagor shall default in the observance or performance of any term, covenant or condition of the Ground Lease on the part of Mortgagor, as ground lessee thereunder, to be observed or performed, unless any such observance or performance

shall have been waived or not required in writing by the ground lessor under the Ground Lease, or if any one or more of the events referred to in the Ground Lease shall occur which would or may cause the Ground Lease to terminate without notice or action by the ground lessor thereunder or which would entitle the ground lessor under the Ground Lease to terminate the Ground Lease and the term thereof by giving notice to Mortgagor, as ground lessee thereunder, or if the Leasehold created by the Ground Lease shall be surrendered, in whole or in part, or if the Ground Lease shall be terminated or cancelled for any reason or under any circumstance whatsoever, or if any of the terms, covenants or conditions of the Ground Lease shall in any manner be modified, changed, supplemented, altered or amended without the consent of Mortgagor;

(m) if the Mortgagor or other person shall be in default under any of the Notes, the Loan Agreement, the Other Agreements or under any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt, in whole or in part, or otherwise executed and delivered in connection with the Notes, this Mortgage, the Loan Agreement, the Other Agreements or the loan evidenced and secured thereby;

(n) if the Mortgagor or other person shall be in default under any mortgage or deed of trust covering any part of the Mortgaged Property whether superior or inferior in lien to this Mortgage, and including, without limitation, any such mortgage or deed of trust now or hereafter held by Mortgagor;

(o) if the Mortgaged Property shall become subject (i) to any tax lien, other than a lien for local real estate taxes and assessments not due and payable, or (ii) to any lis pendens, notice of pendency, stop order, notice of intention to file mechanics' or materialmans' lien, mechanics' or materialmans' lien or other lien of any nature whatsoever and the same shall not either be discharged of record or in the alternative insured over to the satisfaction of Mortgagor by the title company insuring the lien of this Mortgage within a period of thirty (30) days after the same is filed or recorded, and irrespective of whether the same is superior or subordinate in lien or other priority to the lien of this Mortgage and irrespective of whether the same constitutes a perfected or inchoate lien or encumbrance on the Mortgaged Property or is only a matter of record or notice;

(p) if the Mortgagor shall continue to be in default under any of the other terms, covenants or conditions of this Mortgage for five (5) days after notice from Mortgagor in the case of any default which can be cured by the payment of a sum of money or for twenty (20) days after notice from Mortgagor in the case of any other default, provided that if such default cannot reasonably be cured

within such twenty (20) day period and the Mortgagor shall have commenced to cure such default within such twenty (20) day period and thereafter diligently and expeditiously proceeds to cure the same, such twenty (20) day period shall be extended for so long as it shall require the Mortgagor in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of sixty (60) days.

(q) if an Event of Default occurs under any of the Financing Documents (as defined in the Loan Agreement).

23. Right to Cure Defaults. If default in the performance of any of the covenants of the Agency and/or Mortgagor herein occurs, Mortgagee may, at its discretion, remedy the same and for such purpose shall have the right to enter upon the Mortgaged Property or any portion thereof without thereby becoming liable to the Agency and/or Mortgagor or any person in possession thereof holding under the Agency and/or Mortgagor. If Mortgagee shall remedy such a default or appear in, defend, or bring any action or proceeding to protect its interest in the Mortgaged Property or to foreclose this Mortgage or collect the Debt, the costs and expenses thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this paragraph, shall be paid by the Mortgagor to Mortgagee upon demand. All such costs and expenses incurred by Mortgagee in remedying such default or in appearing in, defending, or bringing any such action or proceeding shall be paid by the Mortgagor to Mortgagee upon demand, with interest (calculated for the actual number of days elapsed on the basis of a 360-day year) at a rate per annum (herein referred to as the "Default Rate") equal to two percent (2%) in excess of the rate(s) in effect immediately prior to such Event of Default, provided, however, that the Default Rate shall in no event exceed the maximum interest rate which Mortgagor may by law pay, for the period after notice from Mortgagee that such costs or expenses were incurred to the date of payment to Mortgagee. The term "Prime Rate" shall mean such rate of interest as publicly announced by Mortgagee at its principal office from time to time as its prime rate. To the extent any of the aforementioned costs or expenses paid by Mortgagee after default by the Mortgagor shall constitute payment of (i) taxes, charges or assessments which may be imposed by law upon the Mortgaged Property, (ii) premiums on insurance policies covering the Mortgaged Property, (iii) expenses incurred in upholding the lien of this Mortgage, including, but not limited to, the costs and expenses of any litigation to collect the indebtedness secured by this Mortgage or to prosecute, defend, protect or preserve the rights and the lien created by this Mortgage, or (iv) any amount, cost or charge to which Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority; then, and in each such event, such costs, expenses and

amounts, together with interest thereon at the Default Rate, shall be added to the indebtedness secured by this Mortgage and shall be secured by this Mortgage. Notwithstanding anything to the contrary contained in this Mortgage, the maximum amount of the principal indebtedness secured by this Mortgage at execution or which under any contingency may become secured by this Mortgage is Eleven Million Dollars (\$11,000,000), plus all amounts expended by Mortgagee after default by the Mortgagor, as hereinabove set forth in this paragraph.

24. Appointment of Receiver. Mortgagee, in any action to foreclose this Mortgage or upon the actual or threatened waste to any part of the Mortgaged Property or upon the occurrence of any default hereunder, shall be at liberty, without notice, to apply for the appointment of a receiver of the Rents, and shall be entitled to the appointment of such receiver as a matter of right, without regard to the value of the Mortgaged Property as security for the Debt, or the solvency or insolvency of any person then liable for the payment of the Debt.

25. Non-Waiver. The failure of Mortgagee to insist upon strict performance of any term of this Mortgage shall not be deemed to be a waiver of any term of this Mortgage. Mortgagor shall not be relieved of Mortgagor's obligation to pay the Debt at the time and in the manner provided for its payment in the Notes and this Mortgage by reason of (i) failure of Mortgagee to comply with any request of Mortgagor to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Notes or any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt or any portion thereof, (ii) the release, regardless of consideration, of the whole or any part of the Mortgaged Property or any other security for the Debt, or (iii) any agreement or stipulation between Mortgagee and any subsequent owner or owners of the Mortgaged Property or other person extending the time of payment or otherwise modifying or supplementing the terms of the Notes, this Mortgage or any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt or any portion thereof, without first having obtained the consent of Mortgagor, and in the latter event, Mortgagor shall continue to be obligated to pay the Debt at the time and in the manner provided in the Notes and this Mortgage, as so extended, modified and supplemented, unless expressly released and discharged from such obligation by Mortgagee in writing. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien, encumbrance, right, title or interest in or to the Mortgaged Property, Mortgagee may release any person at any time liable for the payment of the Debt or any portion thereof or any part of the security held for the Debt and may extend the time of payment or otherwise modify the terms of the Notes or this

Mortgage, including, without limitation, a modification of the interest rate payable on the principal balance of the Notes, without in any manner impairing or affecting this Mortgage or the lien thereof or the priority of this Mortgage, as so extended and modified, as security for the Debt over any such subordinate lien, encumbrance, right, title or interest. Mortgagee may resort for the payment of the Debt to any other security held by Mortgagee in such order and manner as Mortgagee, in its discretion, may elect. Mortgagee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law. The rights of Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

26. Liability. If the Mortgagor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several.

27. Construction. The terms of this Mortgage shall be construed in accordance with the laws of the State of New York.

28. Security Agreement. This Mortgage constitutes both a real property mortgage and a "security agreement", within the meaning of the Uniform Commercial Code, and the Mortgaged Property includes both real and personal property and all other rights and interest, whether tangible or intangible in nature, of the Agency and/or Mortgagor in the Mortgaged Property. The Agency and Mortgagor by executing and delivering this Mortgage has granted to Mortgagee, as security for the Debt, a security interest in the Equipment. If the Mortgagor shall default under the Notes or this Mortgage, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Equipment or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Equipment. Upon request or demand of Mortgagee, the Agency shall cause the Mortgagor at Mortgagor's expense to assemble the Equipment and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Mortgagee in protecting its interest in the Equipment and in enforcing its rights hereunder with

respect to the Equipment. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Equipment sent to the Agency and Mortgagor in accordance with the provisions of this Mortgage at least seven (7) days prior to the date of any such sale, disposition or other action, shall constitute reasonable notice to the Agency and Mortgagor, and the method of sale or disposition or other intended action set forth or specified in such notice shall conclusively be deemed to be commercially reasonable within the meaning of the Uniform Commercial Code unless objected to in writing by the Agency and/or Mortgagor within five (5) days after receipt by the Agency and Mortgagor of such notice. The proceeds of any sale or disposition of the Equipment, or any part thereof, may be applied by Mortgagee to the payment of the Debt in such order, priority and proportions as Mortgagee in its discretion shall deem proper.

29. Further Acts, etc. The Mortgagor will, at the cost of the Mortgagor and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Mortgagee shall, from time to time, require for the better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby mortgaged or intended now or hereafter so to be, or which the Agency and/or Mortgagor may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage and, on demand, will execute and deliver and hereby authorizes Mortgagee to execute in the name of the Agency and/or Mortgagor to the extent Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or comparable security instruments, to evidence more effectively the lien hereof upon the Mortgaged Property. The Agency hereby grants to the Mortgagee the right to file UCC financing statements without first obtaining the approval of the Agencies or its signature on such financing statements.

30. Headings, etc. The headings, titles and captions of various paragraphs of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

31. Filing of Mortgage, etc. The Agency and Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage, and any security instrument creating a lien or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect, preserve and perfect the

lien hereof upon, and the interest of Mortgagee in, the Mortgaged Property. Mortgagor will pay all filing, registration and recording fees, and all expenses incident to the preparation, execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property, and any instrument of further assurance, and all Federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance. Mortgagor shall hold harmless and indemnify Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

32. Usury Laws. This Mortgage and the Notes are subject to the express condition that at no time shall Mortgagor be obligated or required to pay interest on the principal balance due under the Notes at a rate which could subject the holder of the Notes to either civil or criminal liability as a result of being in excess of the maximum interest rate which Mortgagor is permitted by law to contract or agree to pay. If by the terms of this Mortgage or the Notes Mortgagor is at any time required or obligated to pay interest on the principal balance due under the Notes at a rate in excess of such maximum rate, the amount received in excess of such maximum lawful interest rate shall be held by the Bank, if the Mortgagor shall so request, and applied to the principal balance of the Notes if the conditions and provisions are satisfied as set forth in Sections 2.02, 3.02 and 4.02, respectively, of the Loan Agreement.

33. Sole Discretion of Mortgagee. Except as may otherwise be expressly provided to the contrary, wherever pursuant to the Notes, this Mortgage, or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise with respect to the loan secured hereby, Mortgagee exercises any right given to it to consent or not consent, or to approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee, the decision of Mortgagee to consent or not consent, or to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory, shall be in the sole and absolute discretion of Mortgagee and shall be final and conclusive.

34. Reasonableness. If at any time the Agency or Mortgagor believes that Mortgagee has not acted reasonably in granting or withholding any approval or consent under the Notes, this Mortgage, or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise with respect to the loan secured hereby, as to which approval or consent either Mortgagee has expressly agreed to act reasonably, or absent such

agreement, a court of law having jurisdiction over the subject matter would require Mortgagee to act reasonably, then the Agency's and Mortgagor's sole remedy shall be to seek injunctive relief or specific performance and no action for monetary damages or punitive damages shall in any event or under any circumstance be maintained by the Agency and Mortgagor against Mortgagee.

35. Recovery of Sums Required To Be Paid. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by the Mortgagor existing at the time such earlier action was commenced.

36. Authority. The Agency and Mortgagor (and the undersigned representative of Mortgagor, if any) has full power, authority and legal right to execute this Mortgage, and to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on the Agency's and Mortgagor's part to be performed.

37. Actions and Proceedings. Mortgagee shall have the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of the Agency and/or Mortgagor, which Mortgagee, in its discretion, feels should be brought to protect its interest in the Mortgaged Property.

38. Inapplicable Provisions. If any term, covenant or condition of this Mortgage shall be held to be invalid, illegal or unenforceable in any respect, this Mortgage shall be construed without such provision.

39. Duplicate Originals. This Mortgage may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

40. Certain Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage shall be used interchangeably in singular or plural form and the word "Mortgagor" shall mean each Mortgagor and any subsequent owner or owners of the Mortgaged Property or any part thereof or interest therein; the word "Mortgagee" shall mean Mortgagee or any subsequent holder of the Notes; the word "Notes" shall mean the Notes or any other evidence of indebtedness secured by this Mortgage; the word "Guarantor" shall

mean each person guaranteeing payment of the Debt or any portion thereof or performance by Mortgagor of any of the terms of this Mortgage and their respective heirs, executors, administrators, legal representatives, successors and assigns and as further defined in the Loan Agreement between Mortgagor and Mortgagee dated the date hereof; the word "person" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority, or other entity; the words "Mortgaged Property" shall include any portion of the Mortgaged Property or interest therein; the word "Debt" shall mean all sums secured by this Mortgage; and the word "default" shall mean the occurrence of any default by the Mortgagor or other person in the observance or performance of any of the terms, covenants or provisions of the Notes or this Mortgage on the part of the Agency and/or Mortgagor or such other person to be observed or performed without regard to whether such default constitutes or would constitute upon notice or lapse of time, or both, an Event of Default under this Mortgage. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

41. Waiver of Notice. The Agency and Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to the Agency and Mortgagor, and the Agency and Mortgagor hereby expressly waive the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to the Agency and Mortgagor.

42. No Oral Change. This Mortgage may only be modified, amended or changed by an agreement in writing signed by the Agency, Mortgagor and Mortgagee, and may only be released, discharged or satisfied of record by an agreement in writing signed by Mortgagee. No waiver of any term, covenant or provision of this Mortgage shall be effective unless given in writing by Mortgagee and if so given by Mortgagee shall only be effective in the specific instance in which given. The Agency and Mortgagor acknowledge that the Notes, this Mortgage and the other documents and instruments executed and delivered in connection therewith or otherwise in connection with the loan secured hereby set forth the entire agreement and understanding of the Agency, Mortgagor and Mortgagee with respect to the loan secured hereby and that no oral or other agreements, understanding, representation or warranties exist with respect to the loan secured hereby other than those set forth in the Notes, this Mortgage and such other executed and delivered documents and instruments.

43. Absolute and Unconditional Obligation. The Agency and Mortgagor acknowledge that Mortgagor's obligation to pay the Debt in accordance with the provisions of the Notes, the Loan Agreement, the Other Agreements and this Mortgage is and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to the Notes or this Mortgage or the obligation of Mortgagor thereunder to pay the Debt or the obligations of the Agency, the Mortgagor or any other person relating to the Notes or this Mortgage or the obligations of the Mortgagor under the Notes or this Mortgage or otherwise with respect to the loan secured hereby, and the Agency and Mortgagor absolutely, unconditionally and irrevocably waive any and all rights to assert any defense, setoff, counterclaim or crossclaim of any nature whatsoever, except for defenses and counterclaims which would be lost with respect to the obligation of the Mortgagor to pay the Debt in accordance with the provisions of the Notes and this Mortgage or the obligations of any other person relating to the Notes or this Mortgage or obligations of the Mortgagor under the Notes or this Mortgage or otherwise with respect to the loan secured hereby in any action or proceeding brought by Mortgagee to collect the Debt, or any portion thereof, or to enforce, foreclose and realize upon the lien and security interest created by this Mortgage or any other document or instrument securing repayment of the Debt, in whole or in part.

44. Trust Fund. Pursuant to Section 13 of the Lien Law of New York, Mortgagor shall receive the advances secured hereby and shall hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of any improvement and shall apply such advances first to the payment of the cost of any such improvement on the Mortgaged Property before using any part of the total of the same for any other purpose.

45. Non-Residential Property. This Mortgage does not cover real property principally improved by one or more structures containing in the aggregate six (6) or less residential dwelling units having their own separate cooking facilities.

46. Waiver of Trial by Jury. The Agency and Mortgagor hereby irrevocably and unconditionally waives, and Mortgagee by its acceptance of the Notes, the Loan Agreement, the Other Agreements, and this Mortgage irrevocably and unconditionally waives, any and all rights to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to the Notes, this Mortgage, any other document or instrument now or hereafter executed and delivered in connection therewith or the loan secured by this Mortgage.

47. Waiver of Statutory Rights. The Agency and Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws to the full extent that the Agency and Mortgagor may do so under applicable law. The Agency and Mortgagor for themselves and all who may claim through or under them waive any and all right to have the property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien of this Mortgage and agree that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entity. The Agency and Mortgagor hereby waive for themselves and all who may claim through or under them, and to the full extent the Agency and Mortgagor may do so under applicable law, any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage or granted under any statute now existing or hereafter enacted.

48. Exculpation of the Agency. Notwithstanding anything in the Mortgage to the contrary, the Mortgagee agrees that (a) no action shall be brought against the Agency for payment of the Debt or for the performance of any of the terms, covenants or conditions herein, except as provided in this Section 48, and (b) in any action to foreclose this Mortgage, or otherwise, the Agency shall not be liable for any deficiency between the total amount due and payable hereon and the proceeds of the foreclosure sale, and no deficiency or other money judgment will be sought against the Agency in such foreclosure action or otherwise; provided, however, that nothing in this Section 48 shall impair the validity of the Debt or in any way effect or impair the lien of this Mortgage or the right of the Mortgagee to foreclose this Mortgage following default in the performance of any of the covenants contained in the Mortgage.

49. No Recourse; Special Obligation of Agencies.

(a) All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Mortgage and in the other documents and instruments connected therewith, and in any documents supplemental thereto, (collectively, the "Loan Documents") shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer, agent, servant or employee of the Agency in his individual capacity, and no recourse under or upon any obligation, covenant or agreement in the Loan Documents contained or otherwise based upon or in respect of the Loan Documents or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future member, officer, agent, servant or employee, such, of the

Agency or of any successor public benefit corporation or political subdivision, or other successor entity or any person executing the Loan Documents, it being expressly understood that the Loan Documents are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the Agency or any such member, officer, agent, servant or employee of the Agency or of any successor public corporation or political subdivision, other successor entity or any person so executing the Loan Documents because of the creation of the indebtedness thereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Loan Documents or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every such member, officer, servant or employee because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Loan Documents or implied therefrom are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution of the Loan Documents.

(b) The obligations and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State of New York or the County of New York where the parties' respective Agency are located (the "Counties"), and neither the State of New York nor the Counties shall be liable thereon, and further such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute special obligations of the Agency payable solely from the revenues of the Agency derived and to be derived from the lease, sale or other disposition of the Mortgaged Property (except for revenues derived by the Agency with respect to the Reserved Rights) as defined in the Ground Leases dated as of April 15, 1982.

(c) Notwithstanding any provision of this Mortgage to the contrary, the Agency shall not be obligated to take any action pursuant to any provision hereof unless (i) the Agency shall have been requested to do so in writing by the Mortgagor and (ii) if compliance with such request is reasonably expected to result in the incurrence by the Agency (or any member, officer, agent, servant or employee of the Agency) in any liability, fees, expenses or other costs, the Agency shall have received from the Mortgagor security or indemnity satisfactory to the Agency for protection against all such liability, however remote, and for the reimbursement of all such fees, expenses and other costs.

50. Counterparts. This Mortgage may be executed in several counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, Mortgagor has duly executed this Mortgage
the day and year first above written.

*Assumed as b
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KR*

THE COOPERSTOWN AND CHARLOTTE VALLEY
RAILWAY CORPORATION

By: *William B. Blatter*

Name: William B. Blatter
Title: Senior Vice President

CHEMICAL BANK

By: *James D. Small*

Name: James D. Small
Title: Vice President

OTSEGO COUNTY INDUSTRIAL DEVELOPMENT
AGENCY

By: _____

Name:
Title:

STATE OF NEW YORK)

: SS. .
COUNTY OF MONROE)

On this 26th day of September, 1990, before me personally came
William B. Blatter to me known, who, being by me duly sworn did
depose and say that he resides in New Hartford, New York; that he is
the Senior Vice President of THE COOPERSTOWN AND CHARLOTTE VALLEY
RAILWAY CORPORATION, the corporation described in and which executed
the foregoing instrument; that he signed his name thereto by order
of the Board of Directors.

Nathan R. Fenno

Notary Public
NATHAN R. FENNO
Notary Public for the
State of New York
Qualified in Otsego County
4786561
Commission Expires 03/30/91

OTSEGO COUNTY INDUSTRIAL DEVELOPMENT
AGENCY

By: Richard G. Schlee
Name: Richard G. Schlee
Title: President

STATE OF NEW YORK)
: SS.
COUNTY OF MONROE)

On this 27 day of September, 1990, before me personally came William B. Blatter to me known, who, being by me duly sworn did depose and say that he resides in New Hartford, New York; that he is the Senior Vice President of THE COOPERSTOWN AND CHARLOTTE VALLEY RAILWAY CORPORATION, the corporation described in and which executed the foregoing instrument; that he signed his name thereto by order of the Board of Directors.

Nathan R. Fenno
Notary Public

STATE OF NEW YORK)
SS.:
COUNTY OF MONROE)

NATHAN R. FENNO
Notary Public, State of New York
Otsego County, No 4786561
My Term Expires 3/30/91

On this 27th day of September, 1990, before me personally came James D. Small, to me known, ^{James D. Small} who, being by me duly sworn did depose and say that he resides in ~~Dewitt~~ ^{Tangerine, NY}, New York; that he is a Vice President of CHEMICAL BANK, the banking institution described in and which executed the above Mortgage; and that he signed his name thereto by order of the Board of Directors of said banking institution.

Kimberly Anne Lanzafame
Notary Public

KIMBERLY ANNE LANZAFAME
NOTARY PUBLIC, in the State of N.Y.
Qualified in Monroe County
My Commission Expires June 2, 1992

2343X (Otsego IDA)

STATE OF NEW YORK)
 SS.:
COUNTY OF OTSEGO)

On this 26th day of September, 1990, before me personally came RICHARD G. SCHLEE, to me known, who, being by me duly sworn did depose and say that he resides in Laurens, New York; that he is the President of OTSEGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors.


Notary Public

KURT D. SCHULTE
Notary Public, State of New York
Otsego County Reg. No. 025C4800315
Commission expires 10/31/91

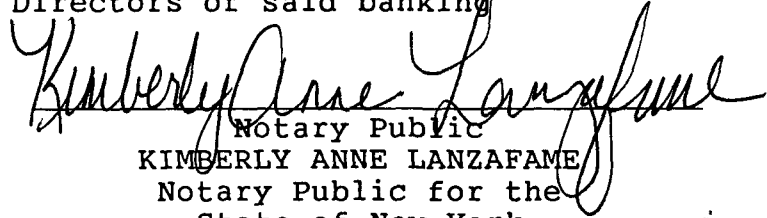
2343X (Otsego IDA)

STATE OF NEW YORK)

SS.:

COUNTY OF MONROE)

On this 20th day of September, 1990, before me personally came James D. Small, to me known, who, being by me duly sworn did depose and say that he resides in Fayetteville, New York; that he is a Vice President of CHEMICAL BANK, the banking institution described in and which executed the above Mortgage; and that he signed his name thereto by order of the Board of Directors of said banking institution.


Notary Public
KIMBERLY ANNE LANZAFAME
Notary Public for the
State of New York

Qualified in Monroe County
Commission Expires 06/02/92

STATE OF NEW YORK)

SS.:

COUNTY OF OTSEGO)

On this ____ day of September, 1990, before me personally came _____, to me known, who, being by me duly sworn did depose and say that he resides in _____, New York; that he is the _____ of OTSEGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors.

Notary Public

2343X (Otsego IDA)

EXHIBIT A

(Description of Premises)

PARCEL - "EDGEWATER"

All that lot, piece or parcel of land situate, lying and being in the Village of Cooperstown, County of Otsego, State of New York and being more particularly bounded and described as follows:

Beginning at a point in the southerly line of Lake Street at its point of intersection with the easterly line of Fair Street; thence $S60^{\circ}-33'-15''E$ along the southerly line of Lake Street a distance of 364.50 feet to a point in the westerly line of River Street; thence $S29^{\circ}-58'-44''W$ along the westerly line of River Street a distance of 237.44 feet to a point; thence $N60^{\circ}-52'-51''W$ a distance of 364.53 feet to a point in the aforementioned easterly line of Fair Street; thence $N29^{\circ}-58'-44''E$ along the easterly line of Fair Street a distance of 239.52 feet to the point of beginning. Containing 1.99 acres of land more or less.

Sparedg

2343X (Otsego IDA)

Exhibit A-1

Lease Agreement between Otsego County Industrial Development Agency and Cooperstown and Charlotte Valley Railway Corporation, dated as of May 1, 1983.